Investor Update 3Q 2016

Repsol Investor Relations

2016-2020 Value & Resilience
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In October 2015, the European Securities Markets Authority [ESMA] published the Guidelines on Alternative Performance Measures [APM], of mandatory application for the regulated information to be published from 3 July 2016. Information and disclosures related to APM used on the present Q3 2016 Results Earnings Release are included in Appendix V “Alternative Performance Measures” of the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2016.
1. Company Overview
2. Key strategic lines 2016-2020
3. Progress of Strategic Plan
4. Upstream
5. Downstream
6. Gas Natural Fenosa
7. Financial Outlook
8. 2016 Outlook
Company overview

3Q16 key messages

✓ Driving for Cash Flow breakeven at $40.

✓ UPSTREAM

  • Operating Income positive for two quarters in a row.
  • Production in line with the Strategic Plan.

✓ DOWNSTREAM

  • Major maintenance completed. Premium to indicator recaptured.
  • Chemicals business continued its strong performance thanks to steady volumes and margins.
  • Commercial Businesses contribution improved thanks to better sales in Service Stations.

✓ FINANCIALS

  • Divestment program ahead of scheduled.
  • Net debt below 10 Bn€.
## Company overview

Repsol today - An integrated company operating across the entire value chain

<table>
<thead>
<tr>
<th>Integrated business model</th>
</tr>
</thead>
<tbody>
<tr>
<td>~2.4 billion boe proved reserves[^1]</td>
</tr>
<tr>
<td>&gt;700 kboepd production</td>
</tr>
<tr>
<td>~1 million bpd refining capacity</td>
</tr>
<tr>
<td>Core businesses: Upstream and Downstream</td>
</tr>
<tr>
<td>20% stake in Non-operated shareholding: GNF</td>
</tr>
<tr>
<td>World-class explorer</td>
</tr>
<tr>
<td>Tier 1 Downstream</td>
</tr>
<tr>
<td>Delivery on commitments</td>
</tr>
<tr>
<td>Diversified and global portfolio</td>
</tr>
<tr>
<td>Capable and talented workforce</td>
</tr>
</tbody>
</table>

[^1]: As of 31/12/2015
Total number of shares as of July 2016: 1,466 million
Key strategic lines
2016-2020
Key strategic lines 2016-2020

Value and resilience

**VALUE**

- Shift from growth to value delivery
- Commitment to sustainable shareholder compensation

**RESILIENCE**

- Resilient top tier margins
- Self-financing throughout volatile environment
- FCF breakeven after dividends at $40/bbl Brent[^1]

**PORTFOLIO MANAGEMENT**

- Capex flexibility
  - [~46% Investment reduction vs. 2014][^2]
- Creating value through portfolio management
  - [€6.2 B divestments; target of €3.1 B in 2016-2017 period][^4]

**EFFICIENCY**

- Synergies and company-wide Efficiency Program[^3]
- €2.1 B/y savings target in 2018
  > 50% target to be achieved in 2016

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[^1]: Repsol released a FCF Breakeven at $50/Bbl on strategic plan 2016-2020 presentation. FCF breakeven at $40/bbl with the revised scenario.
[^3]: By the end of the third quarter projects have commenced that will secure approximately 98 per cent of savings target for 2016.
[^4]: The 2016-2017 target has been already reached. As of September 2016, €4.8B of divestments have been delivered.
Key strategic lines 2016-2020

Shift from growth to value

// Upstream production evolution //

- Achieved critical mass in E&P business
- Extensive portfolio of assets and development projects
- Optionality to improve portfolio value by divestments

Achieving optimal size and portfolio mix
Key strategic lines 2016-2020

Additional Investment reduction for 2016 and 2017 around €1.8B

- Investment optimization and implementation of our efficiency measures.
- Low Downstream capital requirements.
- Deferring non-critical investment in development and producing assets.
- Keeping in 2016 our production level at around 700,000 barrels per day.

Repsol shows flexibility in this challenging environment

1. Investment does not include G&G and G&A from exploration.
2. 2014 investment figure includes Repsol and Talisman.
**Key strategic lines 2016-2020**

**Strict accountability on Efficiency Program**

### Pre-tax cash savings

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Synergies</strong></td>
<td>€0.2 B</td>
<td>€0.3 B</td>
</tr>
<tr>
<td><strong>Upstream Opex &amp; Capex efficiency</strong></td>
<td>€0.6 B</td>
<td>€1.1 B</td>
</tr>
<tr>
<td><strong>Downstream profit improvement and efficiency</strong></td>
<td>€0.2 B</td>
<td>€0.5 B</td>
</tr>
<tr>
<td><strong>Corporation right-sizing</strong></td>
<td>€0.1 B</td>
<td>€0.2 B</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>€1.1 B(*)</td>
<td>€2.1 B</td>
</tr>
</tbody>
</table>

- Recurrent synergies target increased to 400M$.
- 98% of the run-rate target for 2016 synergies and 80% of the planned synergies by 2020 already implemented.
- Upstream program ahead of schedule [700 efficiency initiatives identified].
- Downstream and Corporate on track.

More than 50% of the efficiency plus synergies target in 2018 to be achieved in 2016

(* Latest projection for 2016: €1.4B)
Key strategic lines 2016-2020

Synergies from Talisman integration are already being delivered

€300M in 2016 of which 90% already captured

- **Finance**: repurchase of Talisman bonds and joint financial optimization
- **People and Organization**: workforce and contractor reduction from overlaps
- **IT**: application & infrastructure rationalization
- **Exploration**: highgrading of Talisman portfolio
- **General services**: joint insurance program

Repsol increases recurrent synergy target derived from Talisman Integration up to $400 M pre-tax
Key strategic lines 2016-2020

Breakevens

Group FCF breakeven after dividends and interests [2016-2017] (*)

Resilience: $40/bbl free cash flow breakeven after dividend and interests

[*] Scenario used to estimate breakevens: [Stress case]: Brent price of 40 $/bbl for 2016 – 2017, and 50 $/bbl flat 2018 – 2020; HH price of $2.6/Mbtu for 2016 – 2017, and 3.5 $/Mbtu 2018 – 2020; Repsol refining margin indicator of 6.9 $/bbl for 2016 and 6.4 $/bbl from 2017 onwards. Breakeven does not include any proceeds from divestments, with the exception of the piped LPG sale already accomplished in 2015.

Repsol’s Base case is: Brent price of 40, 55, 65, 75 and 85 $/bbl from 2016 to 2020 respectively, HH price of 2.6, 3.2, 3.7, 4.2, 4.8 $/Mbtu from 2016 to 2020 respectively and Repsol refining margin indicator of 6.9 $/bbl for 2016 and 6.4 $/bbl from 2017 onwards.
Key strategic lines 2016-2020

Self-financed Strategic Plan even under the stress scenario

// Cash movements 2016-2020 //

- Reduction of our investment budget in 2016 below €4B
- Investment reduction for 2016 and 2017 around €1.8B
- Acceleration of efficiency and synergy target in 2016 → €1.4B
- Reduction of Group FCF breakeven to 40$

<table>
<thead>
<tr>
<th>Sensitivities [5 years accumulated]</th>
<th>FCF</th>
<th>Adj. Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brent +/- $5/bbl</td>
<td>€1.5B</td>
<td>€1.3B</td>
</tr>
<tr>
<td></td>
<td>-€1.5B</td>
<td>-€1.3B</td>
</tr>
<tr>
<td>Henry Hub +/- $0.5/Mbtu</td>
<td>€0.8B</td>
<td>€0.6B</td>
</tr>
<tr>
<td></td>
<td>-€0.8B</td>
<td>-€0.6B</td>
</tr>
<tr>
<td>Refining Margin +/- $1/bbl</td>
<td>€0.8B</td>
<td>€1.1B</td>
</tr>
<tr>
<td></td>
<td>-€0.9B</td>
<td>-€1.1B</td>
</tr>
</tbody>
</table>

[*] The 2017 target has been already reached. As of September 2016, €4.8B of divestments have been delivered.
Progress of Strategic Plan
Progress of Strategic Plan

Strategic Commitments Follow up

Investment in 2016
- Exploration
- Deferral of non-critical investments
- Capture of sector wide deflation
- Re-visit on-going development projects

Efficiency & Synergies
- Target represents more than half of the 2018 objective:
  - Upstream: 9M16 achieved more than 50% of our full year objective.
  - Downstream: in line with our targets
  - Corporation: in line with our targets

Cash Neutrality break-even
- Investment reduction
- Opex efficiency targets
- Synergies capture

(*) Latest projection for 2016
## Progress of Strategic Plan

### Strategic Commitments Follow up

#### Efficiency & Synergies Program

<table>
<thead>
<tr>
<th></th>
<th>Target 2016</th>
<th>2016 Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Synergies</td>
<td>0.2</td>
<td>0.3</td>
</tr>
<tr>
<td>Efficiencies</td>
<td>0.9</td>
<td>1.1</td>
</tr>
<tr>
<td>Total (BE€)</td>
<td>1.1</td>
<td>1.4</td>
</tr>
</tbody>
</table>

#### Divestments & Management Portfolio

<table>
<thead>
<tr>
<th></th>
<th>Target 16-17</th>
<th>'16 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Divestments (BE€)</td>
<td>3.1</td>
<td>4.8[1]</td>
</tr>
<tr>
<td>Production (kboed)</td>
<td>~700 [2]</td>
<td>694</td>
</tr>
</tbody>
</table>

[1] Includes agreed transactions and other operations.

#### Investment Flexibility

- Repsol Investment (BE€):
  - Target: 3.9
  - '16 YTD: 2.3

#### Value & Resilience

- CF Neutrality BE ($/boe):
  - Target: ~40
  - '16 YTD: 46
- E&P FCF BE ($/boe) [3]:
  - Target: ~65
  - '16 YTD: 62

#### Finance Commitments

- Investment Grade:
  - Target: Maintain
  - Actual: Maintain
Progress of Strategic Plan

Portfolio management

**Sale of a 10% stake in Gas Natural Fenosa to Global Infrastructure Partners ("GIP")**
- Around €1.9bn of proceeds.
- The capital gain that this disposition generates is approximately 246 million euros.

**Sale of our offshore wind power business in the UK for 238 million euros**
- After tax capital gain of 109M€

**Sale of Repsol’s 10% stake in CLH**
- We sold our stake in CLH for 325 million Euros
- Around 300 million Euros of capital gains

**Sale of the Piped LPG business for 788 M€**
- Generating an estimated pre-tax capital gain of ~470 M€
- Will be cashed-in mostly in 2016. Capital gains also to be booked mainly in 2016

**Sale LPG businesses in Peru and Ecuador**
- Agreement with Abastible company totalling 335 million dollars transaction
- A multiple of approximately 8 times EBITDA

**Agreement with our partner Armstrong to dilute our position in North Slope**
- Positive impact on our cash flow of around 700 million Euros

**Eagle Ford divestment and acquisition of Norwegian producing assets**
- Significant improvement in the cash flow generation in 2015-2017
- Improvement of operations thorough the nomination of a single operator

**Transfer of our 60 per cent stake in the Yme field to OKEA**
- Saving 200 million euros of decommissioning costs in the 2016-2020 period

**Repsol amortizes part of TLM’s debt and reduces its financing costs by >80M$/year**
- Repsol amortizes TLM bonds in the amount of approximately 2.7 billion dollars
- Total capital gain of approximately 300 M$ pre tax
UPSTREAM

3 core regions in the portfolio

North America: Growth
- Production 2016: ~187 kboepd
- Operatorship: ~79%
- Gas production [2016]: 71%

- Unconventional portfolio
- Operatorship
- Valuable midstream positions

Latin America: FCF
- Production 2016: ~304 kboepd
- Operatorship: ~20%
- Gas production [2016]: 70%

- Regional scale
- Exploration track record
- Cultural fit

Main Figures
- Current Production: ~ 700 Kboepd
- 1P Reserves(*) : 2,373 MMboe

SouthEast Asia: FCF & Growth
- Production 2016: ~102 kboepd
- Operatorship: ~37%
- Gas production [2016]: 77%

- Self-financed growth
- Relationship with governments/NDCs
- High potential exploration blocks

NOTE: Europe, Africa & Brazil ~ 112 kboepd
[*] As at 31/12/2015
An extensive pipeline of organic opportunities

**North America**
- **Eagle Ford (USA)**
  - WI: ~31% in basin and 37% in JV
- **Marcellus (USA)**
  - WI: ~89%

**Latin America**
- **M. - Huacaya (Bolivia)**
  - WI: 37.5%
- **Carabobo – AEP (Venezuela)**
  - WI: 11%
- **Cardon IV (Venezuela)**
  - WI: 50%
- **Kinteroni + Sagari (Peru)**
  - WI: 53.8%
- **Akacias (Colombia)**
  - WI: 45%

**Brazil**
- **Sapinhoa (former Guara)**
  - WI: 15%
- **Lapa (former Carioca)**
  - WI: 15%

**Africa & Europe**
- **Reggane (Algeria)**
  - WI: 29.25%
- **MonArb / Flyndre Cawdor (UK)**
  - WI: 30% Redevelopment

**SouthEast Asia**
- **PM3, Kinabalu (Malaysia)**
  - WI: 41.4% PM3* WI: 60% K
- **C. & J. Merang (Indonesia)**
  - WI: 36% C / 25% JM
- **Red Emperor (Vietnam)**
  - WI: 46.8%

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**Exploration**

**Contingent resources**
- Unconventional North America
- Brazil Campos-33, Sagitario
- Russia: Karabashky
- Colombia: CP08 & Niscota
- Alaska: Colville High
- GOM: Leon
- Indonesia: Sakakemang
- Vietnam: Red Emperor extension
- Kurdistan
- PNG PDL10

**Prospective resources**
- Brazil: Santos Basin & Espirito Santo
- Colombia: RC11, RC12 & Tayrona
- Unconventional North America
- GOM
- Peru
- Guyana
- Angola
- Romania
- Portugal
- Norway
- Indonesia
- Malaysia
- Vietnam
- PNG
- Bulgaria

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*The PM3 PSC extension agreement was signed on the 6th April, 2016. Repsol equity interest in PM3 is going to be 35%*
UPSTREAM

Projects activity in 2016

- NORTH AMERICA
  - Duvernay/G. Edson
  - Marcellus
  - Eagle Ford
  - Gulf of Mexico

- NORTH SEA
  - Redevelopment Mon-Arb and Flyndre Cawdor

- ALGERIA
  - Reganne & Sud-Est-Illizi

- BRAZIL
  - Plateau Sapinhoá
  - First Oil Lapa
  - Appraisals

- VIETNAM
  - Red Emperor

- MALAYSIA
  - Redevelopment Kinabalu
  - and Bunga Pakma

- INDONESIA
  - Exploration Activity

*Additional exploration activity in Angola, Romania, Bulgaria and PNG.
UPSTREAM

Operational activity. Development projects

**Brazil: Sapinhoá & Lapa**
- **Sapinhoá**: Plateau reached in second half of 2016
- **Lapa**: First oil is expected in 4Q16 [ahead of schedule].

**UK: MonArb & Flyndre/Cawdor**
- First oil expected in the first half of 2017

**Malaysia: Bunga Pakma & Kinabalu**
- First production projected for 2018 and 2019 respectively

**Vietnam: Red Emperor**
- Project taken advantage of falling industry costs
- First production is planned for end of 2019

**USA: Marcellus**
- Higher production YoY.
- Cash breakeven close to $2/Mbtu
- Cash generative at current prices

**Peru: Kinteroni & Sagari**
- Production from **Kinteroni** increased in April to 160 million square cubic feet of gas per day
- In **Sagari** first gas planned for 2018.

**T&T: Juniper**
- Start-up is planned for 2017.
- This offshore shallow water project will reach peak production of 95 Kboed [Repsol owns 30%]
Portfolio management: Flexibility to optimize capital allocation

// Upstream Investments[1] //

<table>
<thead>
<tr>
<th>Year</th>
<th>Exploration</th>
<th>Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>4.8</td>
<td>1.9</td>
</tr>
<tr>
<td>2015</td>
<td>2.8</td>
<td>3.7</td>
</tr>
<tr>
<td>2016</td>
<td>2.7</td>
<td>3.1</td>
</tr>
</tbody>
</table>

[1] Investment excluding G&G and G&A from exploration and including efficiencies

// CAPEX[3] per barrel produced W.I //

<table>
<thead>
<tr>
<th>Year</th>
<th>Total CAPEX</th>
<th>Development CAPEX</th>
<th>Exploration CAPEX</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>20.2</td>
<td>6.6</td>
<td>13.7</td>
</tr>
<tr>
<td>2014</td>
<td>25.4</td>
<td>14.5</td>
<td>11.0</td>
</tr>
<tr>
<td>2015</td>
<td>17.2</td>
<td>12.0</td>
<td>5.2</td>
</tr>
<tr>
<td>2016</td>
<td>11.0</td>
<td>8.5</td>
<td>2.5</td>
</tr>
</tbody>
</table>

[3] CAPEX including G&G and G&A from exploration and including efficiencies

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25
Capex optimization will have no impact on production because of the previous investment cycle from Repsol's legacy assets [Average RRR 2011-2013: 214 %]

Production delivered from current reserves and resources

[⁎] Organic Reserve ratio excluding the acquisition of Talisman and other inorganic transactions [RRR 500% inorganic]
UPSTREAM

E&P Cost Efficiency Program

// Levers //

- Technical standardization
- Operational uptime increase
- Procurement & logistics optimization
- Organizational right-sizing

Large capital projects

- Post-FID projects: Efficiency gains, scope challenge
- Pre-FID projects: Lean and cost-efficient engineering and supply chain design, collaborative approach with contractors, integrated project execution, ...

Exploration & drilling

- Simplification of geological targets, coring, testing
- Well design standardization
- Planning and execution efficiencies
- Procurement & logistics optimization
- Organizational right-sizing

Support functions

- Ongoing analysis of added value for every task
- Organization right-sizing
- Optimize support functions

More than 50% of the efficiency target in 2018 to be achieved in 2016.
~€0.6 B/y savings by 2016.
Examples of improvements in Talisman legacy assets

**UK**

**Improved Recovery Factor:**
- Develop a prioritized inventory of qualifying capital projects to be used in the asset strategy definition.

**Improved Operational Efficiency:**
- Contribute to the stretch objective of TSEUK producing >50 kboe/d, with significant improvement in the per barrel profitability.
- Optimize Capex and Opex.

**Marcellus Fracking pricing:**

<table>
<thead>
<tr>
<th>Marcellus frac cost per stage</th>
<th>USD Thousands/year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Cost</td>
<td></td>
</tr>
<tr>
<td>New Cost</td>
<td></td>
</tr>
</tbody>
</table>

-27%

**Marcellus commercialization:**
- Practice of selling excess capacity has been replaced with purchase of gas from 3rd parties, leveraging Repsol Trading capabilities in North America.
- Lower effective transport cost through positive net revenues from buy/sell margins, underpinning business profitability.
Sustainable cash flow generator

**Refining**
- ~1 million barrels of refining capacity per day.
- Top quartile position among European peers along the cycle.
- 63% FCC equivalent.
- 5 refineries optimized as a single operation system.

**Petrochemicals**
- All three sites are managed as a single petrochemical hub.
- Chemical sites and crackers strategically located to supply Southern Europe and Mediterranean markets.
- Logistic flexibility to enhance competitive feedstock imports at Tarragona and Sines.

**Marketing**
- 4,716 service stations throughout Spain, Portugal, Peru, and Italy.
- 3,585 service stations in Spain → 70% have a strong link to the company and 29% directly managed.
- Marketing activity also includes other sales channels and the marketing of a wide range of products, including aviation fuels, lubricants, asphalts, base oils, paraffin and derivatives.

**LPG**
- One of the leading retail distributors of LPG in the world, ranking first in Spain and is of the leading companies in Portugal.
- We distribute LPG in bottles, in bulk and AutoGas.
- Bottled LPG sales, through a network of 212 distribution agencies, accounted for over 62% of total retail sales of LPG in Spain in 2015.

**Trading and G&P**
- G&P: transportation, marketing, trading and regasification of liquefied natural gas.
- Trading & Transport: trading and supply of crude oil and products.
DOWNSTREAM

Downstream to provide sustainable value

- Maximize performance
  - Taking advantage of the integration between refining and marketing businesses with focus on reliability

- Capital discipline
  - Discipline in capital allocation
  - Divestments of non-core assets for value creation

- Margin improvement & Efficiency Program
  - Optimizing integrated margin across businesses
  - Strong focus on reducing energy cost and CO₂ emissions

Objective to generate FCF ~ €1.7 B/y (average 2016-2020)
Margins back to a mid cycle scenario

Base Repsol Crack Index\(^1\) 2005-2020

<table>
<thead>
<tr>
<th>Year</th>
<th>Crack Index ($/bbl)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-08</td>
<td>6.6</td>
</tr>
<tr>
<td>2009-14</td>
<td>1.5</td>
</tr>
<tr>
<td>2015</td>
<td>4.3</td>
</tr>
<tr>
<td>2016-20</td>
<td>2.7</td>
</tr>
</tbody>
</table>

Avg. 3.6

Repsol Refining margin index evolution

<table>
<thead>
<tr>
<th>Year</th>
<th>Refining Margin ($/bbl)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>8.8</td>
</tr>
<tr>
<td>2016-20</td>
<td>0.5 ((-28%))</td>
</tr>
</tbody>
</table>

$6.4 (\(*\))$

1 Without taking into account margin from projects and efficiency improvement program

Note: Since the start up of the Bilbao and Cartagena projects, the premium went up from 1.6$/bbl in 2012 to 2.8$/bbl in 2014 and 4.3$/bbl in the first three quarters of 2015

\[*\] 2016 Budget assumption: 6.9 $/bbl
DOWNSTREAM

Fundamentals support sustained Repsol refining margins

- **Lower Opex**
  - Lower oil and gas prices

- **Growing refined products demand**
  - Average demand growth of 1.2% for 2016-2020 on top of strong 2015 demand
  - Spain fuels demand growth at 4% in 2015

- **European refineries at high utilization of effective capacity**
  - Lower EU effective capacity due to low maintenance activity in recent years
  - Low Brent-WTI and NBP-HH gaps and low $/€ exchange rate

- **Restarts unlikely in EU**
  - Restarts unlikely due to required investment in working capital and fixed costs with long-term uncertainties remaining for less competitive refineries in EU

- **Refining project delays and cancellations**
  - Capacity-addition delays and cancellations due to stressed cash position of integrated companies and NOCs

- **Demand vs. effective capacity tighter than previous years**
  - Capacity additions offset by growing demand

- **Light-Heavy differentials**
  - Marpol (1) increases diesel demand, while lowering fuel oil demand and price
  - Large increase in production of heavy crudes

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1 Marpol: International convention for the prevention of pollution from ships.
Downstream efficiency and margin improvement program

~€0.5 B/y from Downstream efficiency improvement in 2018

// Projects //

**Refining**
- Energy cost reduction
- Improved planning to increase crude supply flexibility
- Operations optimization including fixed-cost reductions
- Increased asphalt production in Peru

**Integrated margin**
- Optimization of integrated margin across the value chain with: optimization of crackers supply, processing challenging crude...

**Commercial businesses**
- Network structure optimization
- Logistics and planning improvements

**Chemicals**
- Operational improvement focused on raw material flexibility and facilities reliability
- Optimization of pricing strategy

// Levers //

**EBIT increase by 2018**

~€250 M/y
~€100 M/y
~€100 M/y
~€50 M/y

Total target of ~€0.5 B/y

Downstream efficiency program on track: ~€0.2 B/y savings by 2016
Maximizing value and cash generation leveraged on fully invested assets

// Sustainable value from quality assets //
Repsol in leading position among European peers

European Integrated Margin of R&M

Average investments

Downstream resilience reinforced by commercial business integration with industrial businesses

Gas Natural Fenosa

Strong profitability with long term vision

- 20% of valuable stake in a leading gas & power company

- Stable dividend with growth potential (*)

- Strong profitability performance (well above wacc and not linked to oil price)

- Provides strategic optionality for stronger role of gas and renewables in energy mix

- Liquid investment that provides financial optionality

[*] Dividends received in 2012-2016 period ~ € 1.4 b
Financial outlook

Financial Strategic Plan 2016-2020

Sound track record in managing adverse conditions

Resilient Plan with stronger business profile

Conservative financial policy

Commitment to reduce debt and maintain investment grade

The three Rating Agencies, Standard & Poor’s, Moody’s and Fitch, confirmed and maintained our ratings, BBB-, Baa2 and BBB respectively.

Commitment to maintain shareholder compensation in line with current company level
Financial outlook

Business Resilience

Despite the challenging environment Repsol’s EBITDA has remain unchanged

<table>
<thead>
<tr>
<th></th>
<th>Average 9M2015</th>
<th>Average 9M2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brent price ($/bbl)</td>
<td>55.3</td>
<td>41.9</td>
</tr>
<tr>
<td>Refining margin ($/bbl)</td>
<td>8.9</td>
<td>6.0</td>
</tr>
</tbody>
</table>

EBITDA* (Billion €)

- **Downstream**: 2.4 (2015) - 2.3 (2016)
- **Corporate & others**: +0.1

Repsol

- 3.6 (2015)
- 3.6 (2016)

Repsol’s performance in 2016 better than its Peers thanks to:

- **Upstream**: Lower cash breakeven
- **Downstream**: Higher integrated refining margin

Group FCF breakeven after dividend and interest reduced from 60$/bbl to 40$/bbl

[*] EBITDA does not include G&G expenses (€148M in 2016 and €165M in 2015)
Financial outlook

9M2016 Net Debt evolution

// Net Debt Evolution after paying dividends //

Breakeven at approximately 45 USD per barrel before working capital
### Financial outlook

#### Sources of liquidity as of 30th Sep 2016

<table>
<thead>
<tr>
<th>Source</th>
<th>Structural</th>
<th>Operating</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Committed Credit Lines</td>
<td>3,909</td>
<td>618</td>
<td>4,527</td>
</tr>
<tr>
<td>Used</td>
<td>[180]</td>
<td>[180]</td>
<td></td>
</tr>
<tr>
<td>Available</td>
<td>3,909</td>
<td>438</td>
<td>4,347</td>
</tr>
</tbody>
</table>

**Total Liquidity Available**: 7,919 [Million €]

### Available Structural credit lines represent 90% from total committed credit lines

### Strong liquidity position represents 59% gross debt

*Gross debt excludes interests and derivatives € 0.24 billion*
Financial outlook

Strong liquidity coverage

Liquidity covers long term debt maturities beyond 2019

Liquidity exceeds 1.9x short term maturities

1. Excluding interest and derivatives € 0.24 billion.
Financial outlook

Delivery of Commitments

- **Divestments**
  - Piped Gas Business, Offshore Wind, TSP T&T
  - E&P portfolio management: Alaska, Norway

- **GNF monetization**
  - Sale of 10% participation in GNF

- **Dividend**
  - Repsol dividend reduction
  - Scrip dividend

- **Synergies and Efficiencies**
  - Efficiencies and synergies accelerated

- **Debt reduction**
  - Debt reduced in €1.9Bn as of September 2016

**Maintenance of investment grade is fundamental to our long term strategy**
2016 Outlook

✓ **Divestment program** progressing ahead of schedule, transactions worth ~€5 billion announced since start of strategic plan.

✓ **Efficiency and Synergy** project set to deliver €1.4 billion in benefits in 2016.
  ✓ Savings are being delivered faster than originally expected
  ✓ On track to deliver on longer term strategic targets

✓ Significant reduction in **Net Debt** by end 3Q, business is cashflow breakeven at ~$45 per barrel

✓ **Upstream** business profitable at the operating level through the last 2 quarters
  ✓ Capex optimization and cost control on track for full year delivery
  ✓ Production volumes in line with Strategic Plan at ~700,000 barrels per day average for 2016.

✓ **Downstream** forecasted to deliver ~€3 billion free cash flow in 2016
  ✓ Return to strong margins so far in 4Q
  ✓ **Refining** major maintenance program for 2016 completed, indicator premiums recaptured